

HOUSE BILL REPORT

HB 1514

As Reported by House Committee On: Judiciary

Title: An act relating to minimum terms for closure or conversion notices for mobile home parks and manufactured housing communities.

Brief Description: Requiring a minimum of three years' notice on closures or conversions of mobile home parks and manufactured housing communities.

Sponsors: Representatives Robinson, McBride, Pellicciotti, Orwall, Macri, Ormsby, Gregerson, Kloba, Pollet, Appleton, Bergquist, Tharinger, Clibborn, Farrell and Dolan.

Brief History:

Committee Activity:

Judiciary: 2/1/17, 2/16/17 [DPS].

Brief Summary of Substitute Bill

- Requires, with limited exceptions, that a landlord under the Manufactured/Mobile Home Landlord-Tenant Act provide 18 months' notice of closure or conversion.

HOUSE COMMITTEE ON JUDICIARY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Jinkins, Chair; Kilduff, Vice Chair; Muri, Assistant Ranking Minority Member; Frame, Goodman, Hansen, Kirby and Orwall.

Minority Report: Do not pass. Signed by 5 members: Representatives Rodne, Ranking Minority Member; Graves, Haler, Klippert and Shea.

Staff: Cece Clynch (786-7195).

Background:

The Manufactured/Mobile Home Landlord-Tenant Act.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Manufactured/Mobile Home Landlord-Tenant Act (MHLTA) governs the legal rights, remedies, and obligations arising from any rental agreement between a landlord and a tenant regarding a lot within a mobile home park or manufactured housing community where the tenant has no ownership interest in the property or in the association which owns the property. For the MHLTA to apply, the tenant must own or be buying the type of home the MHLTA covers and be using it as his or her primary home, and the tenant must live in a mobile home park or manufactured housing community.

Rental Agreements.

Under the MHLTA, a rental agreement must be for a term of at least one year unless otherwise agreed. The landlord must offer a term of one year and is prohibited from offering better terms, such as a lower monthly rent, for a month-to-month tenancy. A tenant may, however, waive the right to a one year tenancy by signing a written waiver. At any anniversary date of the tenancy, the tenant may require that the landlord provide a written rental agreement for a term of one year.

Landlords are prohibited from allowing a mobile home to be moved into a mobile home park until a written rental agreement has been signed by, and is in the possession of, the parties. If the tenant is allowed to move a mobile home into the park absent a written agreement, the term of the tenancy is deemed to be for one year from the date of occupancy.

The agreement must include, among other things, a promise by the landlord that, except for acts or events beyond his or her control, the mobile home park will not be converted to a land use that will prevent the lease from continuing for a period of three years after the beginning of the term of the agreement *or* a statement, in large, bold face type, that the park may be sold at any time after the required 12 months' notice with the result that the park may be closed.

Notice Requirements.

A landlord may end or refuse to renew a tenancy only for certain reasons enumerated in statute, including change of land use or conversion. In the case of closure or conversion, the landlord must provide tenants with 12 months' notice. Additionally, the notice must be given to the director of the Department of Commerce and posted at all entrances.

Summary of Substitute Bill:

Before a park closure or conversion, an 18 months' written closure notice must be given to all tenants, posted at the park, and given to the Director of the Department of Commerce. The written notice is titled "Closure Notice to Tenants" and must be in the form specified. Information must be provided regarding park or community management and ownership, relocation assistance resources, and purchaser information, including whether the owner is willing to entertain an offer by an organization or group consisting of park or community tenants or a not-for-profit agency designated by the tenants.

A rental agreement must include a statement, in large, bold-faced type, that the park may be sold or otherwise transferred after the required 18 months' closure notice. Language is

stricken that gave the landlord the option of either promising not to sell for three years or including a statement, in large, bold-faced type, that the park may be sold at any time after 12 months' notice. In the event that a closure notice is already in effect, the rental agreement must contain a copy.

A tenant selling a home within a park must provide the buyer with a copy of any closure notice provided by a landlord at least seven days in advance of the intended sale and transfer.

A landlord's authority to end or refuse to renew a tenancy based on change of land use is conditioned upon providing tenants with notice of closure. The 18-month closure notice requirement does not apply if:

- the manufactured/mobile home community has been acquired for or is under imminent threat of condemnation;
- the manufactured/mobile home community is sold to:
 - an organization comprised of park or community tenants;
 - a nonprofit organization;
 - a local government; or
 - a housing authority for the purposes of preserving the park or community; or
- the landlord compensates the tenants for the loss of their homes at their assessed value prior to a change of use or sale of the property.

Substitute Bill Compared to Original Bill:

Rather than require three years' notice of closure, 18 months is required.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony:

(In support) Some have been working on this for a long time, at least 10 years. The issue went away during the recession. Now the issue is back as land prices rise. Folks that own these homes are very vulnerable because they own the home but not the land. Three years will allow them time to plan how they are going to go on with their lives. Currently, the notice period is only 12 months. Due to the nature of the decisions that must be made, it seemed that three years was an amount of time that would allow them to plan. Realtors say it actually takes 10 years. Family values demand this. This will allow others to plan ahead, not just the families who have to move but also entities like schools who may lose many children due to closure of the manufactured/mobile home community. This also gives municipalities time to plan. If landlords don't want to give three years' notice, they can pay the assessed value. One man has lived in three different parks over 20 years and knows firsthand that there is nothing mobile about a mobile home. Current homeowners will some day want to

sell the home and knowing that a landlord must give three years notice will provide the new buyer with some security. In most cases, if land is going to be used for a Walmart or something else, it will probably take three years anyway to get all the permits in place. Five years' notice would be ideal, but three is the compromise position. When these parks close, homeowners are told they can rent an apartment, but to do that they will then have to pay deposits and first and last months' rent. These people don't have that kind of money. Under current law, they can lose their entire investment on the home if they just receive a year's notice. This bill provides opportunity. Much of the problem with closure comes because there is nowhere to move the mobile home. There are very few new parks. Families end up having to get money to haul the older home to the dump because they cannot move it anywhere. These parks are an endangered species, the last best option for affordable housing. Only one new park has opened in the last several years. Closure can result in the loss of everything these people own. There is no right of first refusal in this bill.

Residents of the Firs mobile home park in SeaTac are experiencing this now, as the park is about to close in October. One woman has lived there 10 years. After the closure, her special needs sons won't be able to attend the same school. This is especially hard because they had a difficult time adjusting to school. If she had three years' notice she would have been able to plan. Another woman moved there eight years ago, bought her home, took five years to repay the loan, and just finished a remodel in 2016. Her family has six members. She cannot afford the rent for apartments that are available, and they are too small to allow several persons to live with dignity. A community organizer who has been working closely with the community reports that many have made investments of up to \$30,000. The park owner is only offering \$2,000.

(Opposed) This bill is not good for tenants or landlords and is unconstitutional. The intent section is not appropriate. This won't save money. Vacant spaces become attractive nuisances and just create more vacancies. Tenants knew they were renters when they signed leases. Washington has a relocation program. Landlords don't want to make the sales price public. These mobile homes can be moved, and the move can be done quickly. In one instance a tenant passed away and 72 hours after the memorial his home had been moved. Recently, a landlord moved a home into the community, and it only took one day and that was over the Tacoma Narrows Bridge. Landlords purchased these communities with knowledge that a one year closure notice was required. Now an effort is underway to impose an arbitrary three-years' notice requirement, and the landlord must give first right of refusal to one group. This is unjust. One year is enough.

The Supreme Court has spoken to this before. The law shouldn't pass what should be a public burden to the private sector. Courts have said that. In 2008 a three-year closure notice bill didn't pass, presumably due to the unconstitutionality. A lawyer presently working on some park closures in King County reports that tenants frequently leave during the closure period, squatters move in, and law enforcement has to be called. To require a three-year closure period would aggravate practical problems like this.

Persons Testifying: (In support) Representative Robinson, prime sponsor; Ishbel Dickens, Association of Manufactured Home Owners; Don Carlson; Tony Gonzalez, Columbia Legal Services; Kim Herman, Washington State Housing Finance Commission; Nick Federici,

Washington Low Income Housing Alliance; Ana Brito and Irene Cruz, Firs Homeowners Association; and Monica Mendoza-Castrejon, Tenant's Union of Washington.

(Opposed) Craig Hillis and Walt Olson, Manufactured Housing Communities of Washington; and Todd Fisher, Lake Bowman Mobile Home Park.

Persons Signed In To Testify But Not Testifying: None.